

Message Text

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PAGE 01 LAGOS 09554 231634Z

ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 SP-02 USIA-06 AID-05

EB-08 NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 H-01 L-03 /104 W

-----019328 232225Z /70

R 231102Z AUG 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 3155

INFO AMEMBASSY COTONOU

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA

AMCONSUL KADUNA

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: EINV, EFIN, ECRE, BENC, NI

SUBJECT: MORRISON-KNUDSEN DECIDES AGAINST NIGERIAN COMPANY

REF: LAGOS 9229 (NOTAL)

1. MORRISON-KNUDSEN INTERNATIONAL CO., INC., HAS CONFIRMED THAT IT HAS DECIDED AGAINST INCORPORATING IN NIGERIA AT THIS TIME. THIS WORD CAME IN LETTER DATED AUGUST 9 FROM P.W. HOLZGRAF, VICE PRESIDENT AND ASSISTANT DIVISION MANAGER, AND AUGUST 22 VISIT FROM A.B. (TONY) WILKINSON, ASSISTANT DIVISION MANGER, WEST AFRICA, BOTH BASED IN THE HAGUE.

2. BOTH CITED NIGERIAN REQUIREMENTS FOR 60 PERCENT NIGERIAN OWNERSHIP OF CONSTRUCTION COMPANIES BY END-1978 AND EFFECTIVE 16 PERCENT ANNUAL LIMIT ON PROFIT REPATRIATION AS THE MAIN DISINCENTIVES. WILKINSON SAID ANOTHER FACTOR IS MK'S DOLLARS THREE BILLION ORDER BACKLOG AS RESULT OF RECENT LARGE CONTRACTS

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IN SAUDI ARABIA AND IRAN, WHICH HE SAID WILL TIE UP LARGE NUMBER MK'S SKILLED PERSONNEL.

3. BOTH SAID MK REMAINS INTERESTED IN NIGERIA, SPECIFICALLY IN QUOTE ONE-SHOT UNQUOTE MAJOR PROJECTS REQUIRING FINANCING, HOPING MK CAN NEGOTIATE MODIFICATIONS IN INCORPORATION AND FOREIGN EXCHANGE DISINCENTIVES. MK HAS PREQUALIFIED FOR JEBBA

HYDROELECTRIC PROJECT AND WISHES TO BE KEPT INFORMED OF SIMILAR PROJECTS.

4. COMMENT: NIGERIAN GOVERNMENT'S DECISION TO ESTABLISH JOINT VENTURE CONTSTRUCTION COMPANIES WITH SIX OR MORE LARGE FOREIGN CONSTRUCTION COMPANIES MAY LIMIT SPECIAL OPPORTUNITIES OPEN TO MK. ON OTHER HAND, WITH NIGERIA ABOUT TO TAP EURO CURRENCY MARKET MK'S FINANCING FACILITY MAY KEEP IT IN THE RUNNING. MK IS REALLY SAYING THAT IT CAN DO BETTER ELSEWHERE SO NEED NOT ACCEPT STRINGENT NIGERIAN CONDITIONS FOR DOING BUSINESS HERE.
EASUM

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: LAGOS
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770834/aaaabcgd.tel
Line Count: 73
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Litigation Codes:
Litigation History:
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Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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TAGS: EINV, EFIN, ECRE, BENC, NI, MORRISON-KNUDSEN INTL CO
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